

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re: W.R. GRACE & CO., <i>et al.</i>, Debtors.	§ § § § § §	Chapter 11 Jointly Administered Case No. 01-01139 (KJC)
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**FEE AUDITOR'S FINAL REPORT REGARDING SECOND¹
QUARTERLY AND FINAL FEE APPLICATION OF TOWERS
WATSON DELAWARE INC. FOR COMPENSATION FOR
SERVICES RENDERED AND REIMBURSEMENT OF
EXPENSES FOR THE SECOND QUARTERLY PERIOD FROM
JANUARY 1, 2014 THROUGH FEBRUARY 3, 2014 AND THE FINAL
FEE PERIOD FROM OCTOBER 29, 2004 THROUGH FEBRUARY 3, 2014**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Second Quarterly and Final Fee Application of Towers Watson Delaware Inc. for Compensation for Services Rendered and Reimbursement of Expenses for the Fourth Quarterly Period from January 1, 2014 through February 3, 2014 and the Final Fee Period from October 29, 2004 through February 3, 2014 (the "Application").

BACKGROUND

1. Towers Watson Delaware Inc. ("Towers") was retained as actuarial consultant to David T. Austern, former Asbestos Personal Injury Future Claimants' Representative, and

¹Although this is the thirty-first quarterly fee application which Towers has filed in the case, it is only the second quarterly fee application which Towers has filed in its capacity as actuarial consultant for Roger Frankel, Future Claimants' Representative. The previous quarterly fee applications were filed by Towers as actuarial consultant to the late David Austern when he served as Future Claimants' Representative.

subsequently to Roger Frankel, Successor Asbestos Personal Injury Future Claimants' Representative. In the Application, Towers seeks approval of fees and expenses as follows: fees totaling \$9,240.00 and no expenses for its services from January 1, 2014 through February 3, 2014 (the "Fifty-Second Interim Period"), and final approval of fees totaling \$3,673,654.50² and expenses totaling \$53,453.96³ for its services from October 29, 2004 through February 3, 2014 (the "Final Application Period").

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time and expense entries included in the exhibits to the Application, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2014, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. §330, Issued January 30, 1996 (the "U.S. Trustee Guidelines"), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals.

²We note that the total of the fees requested in Towers' 30 prior fee applications, plus the compensation sought for the Fifty-Second Interim Period, is \$3,677,871.00. It appears that Towers has deducted from this amount all of the reductions ordered by the Court for the prior periods, which periods are discussed in more detail in paragraph 5, to arrive at the figure it seeks of \$3,673,654.50. We note that the Court has ruled on the First through Fifty-First Interim Periods, but no ruling has been made on the Fifty-Second Interim Period.

³We note that the total of the expenses requested in Towers' 30 prior fee applications, plus the expenses sought for the Fifty-Second Interim Period, is \$53,453.96. There were no reductions ordered by the Court for the prior periods, which periods are discussed in more detail in paragraph 5, and thus Towers has deducted no sums from this amount to arrive at the figure it seeks of \$53,453.96. We note that the Court has ruled on the First through Fifty-First Interim Periods, but no ruling has been made on the Fifty-Second Interim Period.

DISCUSSION

Fifty-Second Interim Application Period

3. We have no issues with, or objections to, Towers' fees and expenses for the Fifty-Second Interim Period, and thus we did not send an initial report to Towers.

4. Thus, we recommend approval of \$9,240.00 in fees for Towers' services for the Fifty-Second Interim Period.

Prior Interim Applications

5. We note that we previously filed the following final reports for Towers' prior interim applications, which final reports we incorporate by reference herein, and we also note the following orders that ruled on Towers' prior interim fee applications:

18th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Eighteenth Interim Period (Docket #12019), filed on or about March 9, 2006, in which we recommended approval of fees totaling \$104,157.00 and expenses totaling \$270.00. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Eighteenth Period, dated March 27, 2006 (Docket #12121).

19th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Nineteenth Interim Period (Docket #12525), filed on or about May 25, 2006, in which we recommended approval of fees totaling \$12,740.50 and expenses totaling \$2,246.00. These recommendations were adopted in the Order Approving Quarterly Fee

Applications for the Nineteenth Period, dated June 16, 2006 (Docket #12660).

20th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Twentieth Interim Period (Docket #13183), filed on or about September 8, 2006, in which we recommended approval of fees totaling \$66,539.00 and expenses totaling \$867.40. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Twentieth Period, dated September 26, 2006 (Docket #13298).

21st Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Twenty-First Interim Period (Docket #13963), filed on or about December 8, 2006, in which we recommended approval of fees totaling \$31,895.00. This recommendation was adopted in the Order Approving Quarterly Fee Applications for the Twenty-First Period, dated December 19, 2006 (Docket #14069).

22nd Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Twenty-Second Interim Period (Docket #14868), filed on or about March 15, 2007, in which we recommended approval of fees totaling \$136,782.50 and expenses totaling \$632.60. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Twenty-Second Period, dated May 3, 2007 (Docket #15494).

23rd Period: Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Twenty-Third Interim Period (Docket #16037), filed on or about June 13, 2007, in which we recommended approval of fees totaling \$417,223.00 and expenses totaling \$5,326.30. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Twenty-Third Period, dated June 20, 2007 (Docket #16105).

24th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Twenty-Fourth Interim Period (Docket #16786), filed on or about September 10, 2007, in which we recommended approval of fees totaling \$320,162.50 and expenses totaling \$10,770.05. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Twenty-Fourth Period, dated September 25, 2007 (Docket #16916).

25th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Twenty-Fifth Interim Period (Docket #17542), filed on or about December 4, 2007, in which we recommended approval of fees totaling \$767,204.00 and expenses totaling \$6,346.44. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Twenty-Fifth Period, dated December 13, 2007 (Docket #17629).

26th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with

No Fee or Expense Issues for the Twenty-Sixth Interim Period (Docket #18176), filed on or about February 29, 2008, in which we recommended approval of fees totaling \$679,996.50 and expenses totaling \$3,647.52. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Twenty-Sixth Period, dated March 12, 2008 (Docket #18270).

27th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Twenty-Seventh Interim Period (Docket #18887), filed on or about June 9, 2008, in which we recommended approval of fees totaling \$505,836.00 and expenses totaling \$6,110.25. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Twenty-Seventh Period, dated June 23, 2008 (Docket #18989).

28th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Twenty-Eighth Interim Period (Docket #19535), filed on or about September 15, 2008, in which we recommended approval of fees totaling \$306,891.50 and expenses totaling \$10,913.18. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Twenty-Eighth Period, dated October 1, 2008 (Docket #19663).

29th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Twenty-Ninth Interim Period (Docket

#20150), filed on or about November 26, 2008, in which we recommended approval of fees totaling \$87,838.00 and expenses totaling \$4,199.58. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Twenty-Ninth Period, dated December 17, 2008 (Docket #20283).

30th Period: Fee Auditor's Final Report Regarding Fee Application of Towers Perrin Tillinghast for the Thirtieth Interim Period (Docket #20860), filed on or about February 27, 2009, in which we recommended approval of fees totaling \$33,975.50 and expenses totaling \$64.95, reflecting our recommended reduction of \$4,104.00 in fees, as further explained in paragraph 3 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirtieth Period, dated April 2, 2009 (Docket #21173).

31st Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Thirty-First Interim Period (Docket #22047), filed on or about June 10, 2009, in which we recommended approval of fees totaling \$34,513.00. This recommendation was adopted in the Order Approving Quarterly Fee Applications for the Thirty-First Period, dated July 7, 2009 (Docket #22354).

32nd Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with De Minimis or No Fee or Expense Issues for the Thirty-Second Interim Period (Docket #23240), filed on or about September 15, 2009, in which we

recommended approval of fees totaling \$4,167.50. This recommendation was adopted in the Order Approving Quarterly Fee Applications for the Thirty-Second Period, dated September 28, 2009 (Docket #23352).

33rd Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Thirty-Third Interim Period (Docket #23927), filed on or about December 3, 2009, in which we recommended approval of fees totaling \$1,322.50. This recommendation was adopted in the Order Approving Quarterly Fee Applications for the Thirty-Third Period, dated December 11, 2009 (Docket #23996).

34th Period: Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Thirty-Fourth Interim Period (Docket #24438), filed on or about March 11, 2010, in which we recommended approval of fees totaling \$5,747.50. This recommendation was adopted in the Order Approving Quarterly Fee Applications for the Thirty-Fourth Period, dated March 19, 2010 (Docket #24470).

35th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Thirty-Fifth Interim Period (Docket #24856), filed on or about May 28, 2010, in which we recommended approval of fees totaling \$12,933.00. This recommendation was adopted in the Order Approving Quarterly Fee Applications for the Thirty-Fifth Period, dated June 7, 2010 (Docket #24917).

- 36th Period: Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Thirty-Sixth Interim Period (Docket #25384), filed on or about September 10, 2010, in which we recommended approval of fees totaling \$855.00. This recommendation was adopted in the Order Approving Quarterly Fee Applications for the Thirty-Sixth Period, dated September 13, 2010 (Docket #25397).
- 37th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Thirty-Seventh Interim Period (Docket #25850), filed on or about December 2, 2010, in which we recommended approval of fees totaling \$21,683.00. This recommendation was adopted in the Order Approving Quarterly Fee Applications for the Thirty-Seventh Period, dated December 10, 2010 (Docket #25905).
- 38th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Thirty-Eighth Interim Period (Docket #26519), filed on or about March 9, 2011, in which we recommended approval of fees totaling \$4,153.50. This recommendation was adopted in the Order Approving Quarterly Fee Applications for the Thirty-Eighth Period, dated March 25, 2011 (Docket #26627).
- 42nd Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Second Interim Period (Docket #28548), filed on or about February 20, 2012, in which we

recommended approval of fees totaling \$8,675.50. This recommendation was adopted in the Order Approving Quarterly Fee Applications for the Forty-Second Period, dated March 23, 2012 (Docket #28705).

44th Period: Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Fifth Interim Period (Docket #29988), filed on or about December 4, 2012, in which we recommended approval of fees totaling \$2,567.50. This recommendation was adopted in the Order Approving Quarterly Fee Applications for the Forty-Fifth Period, dated December 11, 2012 (Docket #30036).

45th Period: Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Fifth Interim Period (Docket #29988), filed on or about December 4, 2012, in which we recommended approval of fees totaling \$4,480.50. This recommendation was adopted in the Order Approving Quarterly Fee Applications for the Forty-Fifth Period, dated December 11, 2012 (Docket #30036).

46th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Sixth Interim Period (Docket #30382), filed on or about March 7, 2013, in which we recommended approval of fees totaling \$60,555.50 and expenses totaling \$2,059.69, reflecting our recommended reduction of \$112.50 in fees, as further explained in footnote 16 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-Sixth Period,

dated March 27, 2013 (Docket #30440).

47th Period: Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Seventh Interim Period (Docket #30840), filed on or about July 17, 2013, in which we recommended approval of fees totaling \$3,692.50. This recommendation was adopted in the Order Approving Quarterly Fee Applications for the Forty-Seventh Period, dated July 31, 2013 (Docket #30907).

49th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Ninth Interim Period (Docket #31404), filed on or about November 26, 2013, in which we recommended approval of fees totaling \$1,551.50. This recommendation was adopted in the Order Approving Quarterly Fee Applications for the Forty-Ninth Period, dated December 17, 2013 (Docket #31482).

51st Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Fifty-First Interim Application Period (Docket #32197), filed on or about May 13, 2014, in which we recommended approval of fees totaling \$26,275.50. This recommendation was adopted in the Order Approving Quarterly Fee Applications for the Fifty-First Period, dated May 23, 2014 (Docket #32216).

6. We have reviewed the final reports and orders allowing fees and expenses for the prior interim periods, and we do not believe there is any reason to change any of the amounts awarded for

the prior interim periods.

CONCLUSION

7. Thus, we recommend final approval of \$3,673,654.50⁴ in fees and \$53,453.96⁵ in expenses for Towers' services for the Final Application Period.

⁴We note that the total of the fees requested in Towers' 30 prior fee applications, plus the compensation sought for the Fifty-Second Interim Period, is \$3,677,871.00. It appears that Towers has deducted from this amount all of the reductions ordered by the Court for the prior periods, which periods are discussed in more detail in paragraph 5, to arrive at the figure it seeks of \$3,673,654.50. We note that the Court has ruled on the First through Fifty-First Interim Periods, but no ruling has been made on the Fifty-Second Interim Period.

⁵We note that the total of the expenses requested in Towers' 30 prior fee applications, plus the expenses sought for the Fifty-Second Interim Period, is \$53,453.96. There were no reductions ordered by the Court for the prior periods, which periods are discussed in more detail in paragraph 5, and thus Towers has deducted no sums from this amount to arrive at the figure it seeks of \$53,453.96. We note that the Court has ruled on the First through Fifty-First Interim Periods, but no ruling has been made on the Fifty-Second Interim Period.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.



By: _____

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FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served by First Class United States mail to the attached service list on this 11th day of July, 2014.



Warren H. Smith

SERVICE LIST

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